

City of Waukon / Teamsters 238 (Police)
(Public Works)

2006-2007
CEO: 434
SECTOR: 2

REPORT OF THE FACT-FINDER

In the Matter of the Fact-finding
and Arbitration Between

CITY OF WAUKON, IOWA

and

**CHAUFFEURS, TEAMSTERS AND
HELPERS, LOCAL NO. 238 (POLICE)**

and

**CHAUFFEURS, TEAMSTERS AND
HELPERS, LOCAL NO. 238 (PUBLIC
WORKS)**

Hearing: June 26, 2007

Report: July 11, 2007

Sharon K. Imes, Fact-finder/Arbitrator

**Appointed through the Iowa Public
Employment Relations Board**

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APPEARANCES:

Richard D. Zahasky, Attorney, Waukon, Iowa, appearing on behalf of the City of Waukon.

Previant, Goldberg, Uelmen, Gratz, Miller & Brueggeman, SC by **Jill Hartley**, and **Jim Tuecke**, Chauffeurs, Teamsters and Helpers Representative, appearing on behalf of Teamsters Local 238 (Police) and Teamsters Local 238 (Public Works).

BACKGROUND AND JURISDICTION:

The City of Waukon, Iowa, hereinafter referred to as the City or the Employer, and Chauffeurs, Teamsters and Helpers Local Union No. 238 (Police) and Chauffeurs, Teamsters, and Helps Local Union No. 238 (Public Works) hereinafter referred to as the Union, are parties to separate agreements each effective July 1, 2006 through June 30, 2009. Under Section 21.6 of this agreement, the parties have agreed that the contract may be re-opened for the purpose of renegotiating a modification or amendment of the City's contribution toward the cost of an employee's dependent portion of a medical insurance coverage during the contract period.

The contract was re-opened for the above-stated purpose and the parties reached impasse regarding the issue. As a result, they have agreed to fact-finding with the understanding that the report shall be binding on the parties. Accordingly, pursuant to Section 20.21 of the Iowa Public Employment Relations Act (PERA), the undersigned was selected as fact-finder to hear, report and make recommendation on the matter remaining in dispute. The hearing was convened on June 26, 2007. At that time, both parties present were given full opportunity to present oral and written evidence and to make relevant argument.

ISSUES IN DISPUTE:

The parties remain at impasse on the City's contribution toward the cost of the employees' dependent portion of medical insurance coverage for the period of July 1, 2007 through June 30, 2008. The City proposes to pay \$102.50 each payroll period toward the cost of the dependent portion of the medical insurance for the contract period from July 1, 2007 and June 20, 2008 in both the police and public works contract. The Union seeks to change the City's contribution to \$135.00 per paycheck in both contracts.

POSITIONS OF THE PARTIES:

The City declares that its proposal is reasonable. As support for its position, it cites its past history of negotiations which shows that the parties have negotiated increases to the dependent portion of the insurance that ranges from \$2.00 to \$10.00 per paycheck.¹ As further support for its position, it cites the fact that the employees in these bargaining units experienced a 4.4% reduction in premium costs for the insurance plan that was agreed to by the parties for the coming year and the fact that it would pay between 76% and 82% of the total premium for employees who have opted for dependent coverage. And, finally, it asserts that a review of the comparables it proposes shows that the amount employees contribute toward dependent care premiums ranges from 15% to 50%.

The Union argues, however, that the cost of an employee's contribution to family coverage is "staggering" and is causing employees to seek work elsewhere. It also asserts that the employee contribution is out-of-line with the contribution paid by employees performing similar work in

comparable communities and that since these units agreed to adopt an alternative health insurance plan that reduced the premium cost to both parties they should share in some of the benefit the City received.

DISCUSSION AND RECOMMENDATIONS:

The Public Employment Relations Act provides no specific guidelines to consider in making fact-finding recommendations. It does set forth, however, criteria to be considered in determining the reasonableness of the parties' offer under binding arbitration under Section 20.22. Therein, the law states the following factors should be considered relevant: past collective bargaining contracts between the parties including the bargaining that led up to such contracts; comparisons of wages, hours and conditions of employment of the involved employees with those of other public employees doing comparable work; any factor peculiar to the area and classifications involved; the interests and welfare of the public; the ability of the public employer to finance economic adjustments and the effect of those adjustments on the normal standard of services, and the power of the public employer to levy taxes and appropriate funds for the conduct of its operations. Since the parties have agreed to be bound by the fact-finding recommendation made in this dispute, it is appropriate that these same factors be considered in reaching that recommendation.

After reviewing the evidence, the arguments of the parties, considering the criteria set forth in Section 20.22 and assigning weight, where possible, to that criteria, the following recommendation is made:

It is recommended that the City's contribution toward the cost of the employees' dependent portion of medical insurance coverage for the period between July 1, 2007 and June 30, 2008 be increased by \$10.50 per pay period.

In arriving at the above recommendation considerable weight was given to the fact that the bargaining units employees agreed to re-open the contract when the City received notice that the insurance premium costs would increase approximately 9.7% if the same coverage was provided and that they agreed to adopt an alternative plan which increased their potential for out-of-pocket expenses but that reduced the premium cost by 4.4%. Consideration was also given to the

¹ The City exhibit showing the negotiation history actually shows that over the years increases for the police unit ranged from \$2.50 to 25.00 per paycheck and that increases for the public works unit ranged from \$2.50 to \$20.00 per paycheck

negotiating history between the parties and to a comparison of employee contributions toward health insurance premiums among employees performing similar work in similar communities.

The City and each bargaining unit in this dispute have signed a three year agreement effective July 1, 2006 to June 30, 2009. Under Section 21 of that agreement the City agreed to pay the full premium for single employee coverage and \$100 per payroll period toward the cost of dependent medical coverage. They also agreed that the City's contribution toward the cost of dependent medical coverage for the period between July 1, 2007 through June 30, 2008 and for the period from July 1, 2008 through June 30, 2009 would be renegotiated should the employees desire to modify or amend the provision. When the parties learned that the health insurance premiums were likely to increase, the bargaining units asked to re-open the contract in order to discuss an increase in the Employer's contribution. In the process, the Union agreed to adopt an alternative plan that required co-pays for certain types of medical care; that increased out-of-pocket maximums and that required a drug co-pay but the parties could not agreed upon the City's contribution toward the cost of the premium. The City offered a \$2.50 per pay period increase while the Union sought \$35 per month increase. Neither provided evidence to support the specific dollar amounts proposed but both agreed that whatever was recommended by the fact-finder would be binding on them.

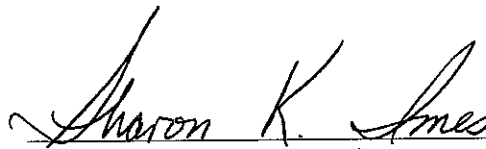
A review of the comparables shed little light on what would be a reasonable contribution. The City proposed the Iowa cities of Chariton, Humboldt, Forrest City and Hampton as comparables. All of them are approximately the size of Waukon but none of them are geographically near it. The Union proposed the Iowa cities of Postville, Lansing, West Union, Independence, Oelwein, Jessup and Cresco as comparables. While most of these cities have a smaller population than Waukon they lie within the northeast corner of Iowa and are relatively close to each other and are more likely to constitute a service area. Neither set of comparables is helpful, however.

Aside from the fact that there is no indication as to the type of health insurance coverage any of the cities provide, there is no information regarding the premiums paid for coverage in these cities. Further, among the four cities proposed as comparables by the Employer, the evidence establishes that employee contributions exist in three of the cities; that in Chariton the employees contribute 15% of the premium cost for family coverage; that in Humboldt, employees contribute 50% of the premium cost for family coverage and that in Hampton, the employee contribution will

not exceed \$87.00. The same is true when the Union's proposed comparables are considered. There, the evidence shows that in Postville and Cresco, the Employer pays the entire premium; that in Lansing the employee contributes \$25.00 toward dependent coverage; that in West Union and Jessup, the employee contributes 20% of the premium cost for dependent coverage; that in Independence the employee contributes \$50.00 toward family coverage, and that in Oelwein, the employee contributes \$34.46 toward single coverage and \$85.36 toward family coverage. Except to show that the employees in the vast majority of these cities do not contribute as much toward dependent coverage as they do in Waukon, none of this evidence establishes the reasonableness of either party's offer in this dispute.

The same holds true when the evidence concerning the parties negotiating history is considered. While the record establishes that increases toward dependent coverage ranged from \$2.50 per pay period to \$25.00 per pay period, the increases hold little relevance without knowledge of the types of premium increases the parties were considering at the time the increase was agreed upon and without knowledge of the other benefits agreed to at that time. It is noted, however, that in the police bargaining unit the median increase per pay check was \$5.00 and the average increase per pay check was approximately \$6.80 and that in the public works bargaining unit, the median increase per pay check was \$5.00 and the average increase per pay check was \$6.00, amounts well above the \$2.50 per pay check the City is offering.

The recommended contribution of \$10.50 per pay period reflects the amount of money the City saved as a result of the employees' willingness to adopt an alternative health insurance plan that increased out-of-pocket expenses to them.² This savings to the City is returned to the employees since the record establishes that maintaining the status quo would have increased the premium cost to both the employees and to the City 9.7%. This increase would have cost the City \$2,100, at minimum, since the City has already agreed to pay the full premium cost for employees with single coverage.


Sharon K. Imes, Fact-finder

July 11, 2007

² Based upon numbers provided by the Service Group, it is estimated that the reduced premium cost resulted in a savings of approximately \$2,500 to the City.

CERTIFICATE OF SERVICE

RECEIVED

I certify that on the 11th day of July, 2007, I served the foregoing Award of Arbitrator upon each of the parties to this matter by (_____ personally delivering) (☒ mailing) a copy to them at their respective addresses as shown below:

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PUBLIC EMPLOYMENT
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I further certify that on the 11th day of July, 2007, I will submit this Award for filing by (_____ personally delivering) (☒ mailing) it to the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, IA 50319.

Sharon K. Ines

SHARON K. INES, Arbitrator
(Print Name)